

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE CUSTOMER DEPOSIT)	CASE NO.
POLICY OF KENTUCKY POWER COMPANY)	89-057

O R D E R

On November 20, 1989, the Attorney General of Kentucky filed a Motion for Clarification or, Alternatively, Petition for Rehearing. Additionally, on November 20, 1989, Mr. James H. Daniels filed a Request for Reconsideration in the above-mentioned case. Kentucky Power Company and Western Kentucky Gas Company filed responses in opposition to the Attorney General's motion. This Order will address both motions.

The Commission's Order in this matter, dated October 31, 1989, in its majority opinion stated:

Being sufficiently advised, IT IS THEREFORE ORDERED that all utilities shall, from the date of this Order forward, calculate interest on deposits being held pursuant to KRS 278.460 at no less than what is described in McWilliams, as "middle course between simple and compound interest." IT IS FURTHER ORDERED that all utilities with tariffs in conflict with the holding herein shall file tariffs in conformity with this decision no later than 30 days of the date of this Order.

The Order also states that "this decision shall be given prospective effect." The Attorney General has requested that the Commission clarify what it means by "prospective effect." Specifically, the Attorney General has requested affirmation that

the Order is correctly interpreted to mean that customers who presently have funds on deposit with utilities are eligible for the "middle road" calculation on all the interest due on those deposits, not just the interest accrued after the date of the Commission's Order. Also, that customers who no longer have deposits with utility companies are not entitled to any additional interest calculated. The Attorney General's interpretation of the Commission's Order is not correct. The specific ordering language says that "all utilities shall, from the date of this Order forward, calculate interest on deposits being held pursuant to KRS 278.460 at no less than what is described in McWilliams as 'a middle course between simple and compound interest.'" This means that utilities must calculate interest that accrues after the date of the Order at no less than the "middle road" calculation. However, customers who currently have deposits with utility companies could be paid simple interest for the interest that has accrued prior to the date of the Commission's Order. Furthermore, utility customers who no longer have deposits with utility companies would not be entitled to the "middle road" calculation.

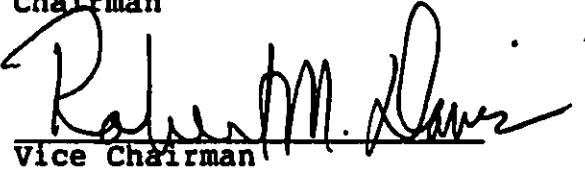
Since the Attorney General's interpretation was not accurate, the Commission has considered the Attorney General's request for rehearing and Mr. Daniels request for reconsideration. The Commission finds that neither motion presents any additional law or new facts that could alter the Commission's majority opinion in this matter.

WHEREFORE, IT IS HEREBY ORDERED that both the Attorney General's request for rehearing and Mr. Daniels' request for reconsideration are denied.

Done at Frankfort, Kentucky, this 11th day of December, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director